

VZCZCXRO5428
OO RUEHBI RUEHCI RUEHDBU RUEHLH RUEHPW
DE RUEHNE #4832/01 3051349
ZNY CCCCC ZZH
O 011349Z NOV 07
FM AMEMBASSY NEW DELHI
TO RUEHC/SECSTATE WASHDC IMMEDIATE 9096
INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
RUEHBJ/AMEMBASSY BEIJING 6633
RUEHLO/AMEMBASSY LONDON 4418
RUEHMO/AMEMBASSY MOSCOW 2442
RUEHKO/AMEMBASSY TOKYO 5395
RUCPDOG/USDOC WASHDC
RUEAIIA/CIA WASHDC
RUEKJCS/SECDEF WASHDC
RHEHNSC/NSC WASHDC
RUCPDOG/DEPT OF COMMERCE WASHDC
RUEIDN/DNI WASHINGTON DC
RUCNDT/USMISSION USUN NEW YORK 5568
RHMFISS/HQ USCENCOM MACDILL AFB FL
RUEHGV/USMISSION GENEVA 7335
RHHMUNA/HQ USPACOM HONOLULU HI
RHMFISS/HQ USSOCOM MACDILL AFB FL
RUEKJCS/JOINT STAFF WASHDC

C O N F I D E N T I A L SECTION 01 OF 02 NEW DELHI 004832

SIPDIS

SIPDIS

DEPT FOR EEB/CIP - DAVID GROSS, FSAEED, NFETCHKO
DEPT FOR EEB/CBA - JFMERMOUD, TGILMAN
DEPT PASS TO USTR - DHARTWICK/CLILIEFELD/MANAND
USDOC FOR U/S LAVIN/HVINEYARD/LDROKER/ASTERN
USDOC FOR NTIA (GALLAGHER)
USDOC FOR 6000/TD/AC/BLOPP

E.O. 12958: DECL: 11/01/2027

TAGS: [PREL](#) [PGOV](#) [MARR](#) [PARM](#) [MNUC](#) [ECPS](#) [BEXP](#) [ENRG](#) [PK](#) [IN](#)
SUBJECT: AMBASSADOR, INDIAN DEFENSE MINISTER DISCUSS
TRANSPARENCY, MARITIME PATROL AIRCRAFT, BANDWIDTH AND
CIV-NUKE

Classified By: Ambassador David Mulford for Reasons 1.4 (B, D)

¶1. (C) Summary. In a November 1 meeting between Ambassador Mulford and Minister of Defense A.K. Antony, the Ambassador:

-- stressed the probity and accountability of American business practices in the context of defense sales to India, providing Antony with a copy of the Foreign Corrupt Practices Act;

-- praised Antony for comments supporting the continuation of the defense relationship no matter what the outcome of the civil-nuclear deal, while warning that failure to complete the deal could have a negative consequences on issues such as the transfer of technology;

-- advocated for the P8 maritime surveillance aircraft; and

-- Urged the MoD to release third generation (3G) spectrum for wireless mobile technologies.

Antony:

-- reiterated his commitment to anti-corruption in MoD procurements, noting India plans to revise its Defense Procurement Policy in 2008;

-- acknowledged the potential negative impact on the broader relationship should the civil-nuclear deal not move forward; and

-- stated the issue of spectrum release was currently being debated in the Cabinet Committee on Security, adding his ministry was willing to release 3G provided it was guaranteed

of a dedicated spectrum for defense purposes. End Summary.

Antony Finds Comfort In American Anti-Corruption Practices...

¶2. (C) Ambassador Mulford, following up on a previous meeting, provided Defense Minister A.K. Antony with a copy of the Foreign Corrupt Practices Act and explained how America's legal system and business practices complement Antony's stated desire to remove corruption from the Ministry of Defense's procurement practices. Noting American companies were currently competing for several MoD procurements, including the multi-billion dollar Medium Multi-Role Combat Aircraft (MMRCA), the Ambassador stressed that working with American companies provides a comfort level that isn't available with less scrupulous competitors. Antony, acknowledging that MoD had a record of corruption controversies, stated he has been clear with his staff that he does not want any corruption in the procurement system. Antony revealed that MoD is planning to amend the Defense Procurement Policy in 2008, and is currently discussing other countries' best practices, including anti-corruption techniques.

...Acknowledges Failure on Civ-Nuke Could Negatively Impact Relationship...

¶3. (C) Citing recent comments by Antony which assured the U.S.-India defense relationship would continue regardless of the fate of the civil-nuclear deal, the Ambassador praised Antony for his support of the bilateral relationship.

NEW DELHI 00004832 002 OF 002

However, the Ambassador warned, the sense of trust that has been built during two years of negotiating the deal will inevitably be negatively impacted if it does not go forward. Antony assured the Ambassador that the GOI, which has been out of the global mainstream for 30 years, understood what was at stake if the deal was not completed. Noting that India was a vibrant democracy and that such an important deal required a long process, Antony underlined the importance of broader ties, saying "In the last 10-15 years there has been a remarkable difference in the relationship. We are clear we must continue this close relationship....It is clear this deal is good for both countries." Antony said politics had posed problems for the government in getting acceptance for the deal, and that the government needed wide acceptance to avoid political instability, but added the GOI had "a pipeline" to the opposition in discussing a way forward. Antony said he hoped the upcoming session of parliament would address the civ-nuke deal, avoiding the disruptions caused by the opposition at the monsoon session in August.

...Listens Quietly to P8 Pitch...

¶4. (C) The Ambassador advocated for Boeing's P8 maritime surveillance aircraft, the bid for which is reportedly due to be opened in mid-November, stressing the advanced stage of development when compared to the Airbus competitor, the sophisticated technology, the early projected operationalization date, and the fact that the U.S. Navy had committed to the P8 for the next several decades. Antony offered no substantive reply.

...And Says Willing To Yield 3G Spectrum If MoD Guaranteed Dedicated Band

¶5. (C) The Ambassador also raised the issue of license spectrum for wireless technologies, stressing the benefit for India's future economic growth, particularly in rural areas. Antony seemed well aware of the issue, and stated that there was currently a debate going on in the Cabinet Committee on Security on releasing radio frequency spectrum to commercial

telecommunications. National Security Advisor M.K. Narayanan has been tasked by the Committee to develop a solution, he said. The Ministry of Defense is amenable to releasing spectrum, even in the Third Generation (3G) band, Antony said, but seeks assurances that there will be a dedicated spectrum for defense.

MULFORD